



April 6, 2005

Dear Interested Citizen:

The Montana Department of Environmental Quality (MDEQ) is announcing a 30-day public scoping period under the Montana Environmental Policy Act (MEPA) for the following proposed project and its related state permits:

**Highwood Generation Station Unit #1
A 250 megawatt (MW) Coal-Fired Electrical Generating Facility
near Great Falls, Montana**

Southern Montana Electric Generation and Transmission Cooperative, Inc. (SME) is proposing to construct a 250 MW coal-fired power plant at a site near Great Falls (Highwood Generation Station Unit #1). SME conducted an alternatives analysis to meet the power needs of its customers and concluded that owning its own source of electrical generation is in the best interests of its members. Results of a statewide power plant siting study by SME identified two sites near Great Falls as having the best attributes to support a coal-fired generation plant. Further details on the proposal is provided in the enclosed scoping document.

MDEQ is entrusted with the authority to review and issue environmental permits required for discharges from power generation and other industrial facilities. The department must conduct an environmental analysis under MEPA of its decision regarding these environmental permits. Because SME applied for financing for the project from the Rural Utility Service (RUS), U.S. Department of Agriculture, RUS must also conduct an environmental analysis of the project under the National Environmental Policy Act (NEPA). MDEQ will prepare and issue a joint environmental impact statement (EIS) for the project with RUS.

MDEQ is holding a public meeting and will collect comments during a 30-day public comment period on the state permits and licenses that SME would need to implement its proposed power plant. RUS conducted a public scoping meeting and received public comments on the proposed project during the fall of 2004. The purpose of public scoping is to allow interested members of the public to express their comments and concerns regarding the proposed project and associated permits. The agencies will then consider those comments and concerns in determining the issues to be addressed in the EIS.

You are invited to attend MDEQ's public scoping meeting as outlined below. The department will make reasonable accommodations for persons with disabilities who wish to participate in this meeting. If you require an accommodation, please contact the MDEQ at the address below no later than April 13, 2005:

**Public Scoping Meeting
on the Preparation of an EIS for
Southern Montana Electric Generation and Transmission Cooperative's
Highwood Generation Station Unit #1**

Location: Great Falls Civic Center, Missouri Room

Time: April 18, 2005, 7:00 p.m.

You may submit written comments or concerns to MDEQ at the meeting. Or, if you wish, you may mail or e-mail them to MDEQ at the addresses listed below no later than May 6, 2005:

Kathleen Johnson, MEPA Coordinator
Re: SME's Highwood Generating Station EIS
Montana Department of Environmental Quality
P.O. Box 200901
Helena, MT 59620-0901
406-444-1760
katjohnson@mt.gov

If you already submitted comments to RUS during its scoping period, it is not necessary for you to comment again to MDEQ during the State's scoping period unless you have new or additional concerns. Both agencies will consider all comments received by RUS as well as MDEQ when preparing the draft and final EISs.

Sincerely,

[Signed: April 6, 2005]

Thomas M. Ellerhoff
Environmental Program Manager